

**DRAFT MINUTES OF THE TOWN OF GILBERT, ARIZONA SELF-INSURED TRUST FUND FOR HEALTH INSURANCE BENEFITS BOARD OF TRUSTEES MEETING**  
**VIA WEBEX, GILBERT, ARIZONA**  
**August 04, 2021, 5:00 P.M.**

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**MEMBERS PRESENT:** Anthony Panepinto, Chairman  
Courtney Boles  
Kelly Pfof  
Lindy Mitchell – arrived late  
Mary Dellai

**MEMBERS ABSENT:** None

**COUNCIL LIAISON:** Council Member Kathy Tilque - Present

**STAFF PRESENT:** Kristen Drew, Deputy Chief People Officer - Benefits  
Christine Lloyd, Benefits Analyst WC  
Denise Chavez, Benefits Specialist  
Nicholas Baldelli, Accounting Supervisor

**GUESTS PRESENT:** Stephen Doyle, Willis Towers Watson  
Lindsey LaRue, Willis Towers Watson

**1. Call to Order**

Chairman Panepinto called the meeting to order at 5:03 PM.

**2. Roll Call**

Ms. Pedrera called roll and a quorum was declared.

**3. Communication from Citizens**

None

**4. Update of COVID-19 Impacts**

*Information and Discussion only.*

Ms. Drew reviewed information from the Aetna report on Covid impacts to the plan. Since January 2020 through June 2021 there is \$1.1M associated with Covid-related claims costs, with 379 confirmed diagnoses. Ms. Drew reported that this information is as of June and we know the number of Covid cases have been increasing over the last month. Staff also tracks positive employee cases related to sick leave usage and reports 256 positive cases to date.

Mr. Panepinto asked about vaccine rates and costs as referenced in the report. Ms. Drew reported that members can be vaccinated at local pharmacies through the insurance, and there is no cost for the vaccine, but there is an administrative fee billed to the plan. Gilbert Fire was a closed point of distribution (POD) and provided vaccine opportunities to employees, retirees, and their families. Gilbert Fire obtains the vaccine free from the county and does not charge the admin rate to the fund. Ms. Drew would estimate staff vaccination rates closer to 40 – 50%, but the Town does not track employee vaccinations.

**5. Review of Plan Dashboard**

*Information and Discussion only.*

Mr. Doyle reviewed highlights from the plan dashboard as of June 2021, noting that plan is running at 90% of accrual with a slight increase in members. Mr. Doyle pointed out that while medical costs are down 4%, pharmacy costs have increased only slightly, and the pharmacy rebates have increased 7%. Administrative fees are down and stop loss insurance fees are up. Mr. Doyle continued the report by reviewing the large claims list and the likelihood of continued costs for each. The number of large claims is up at 46, but the average amount of each large claim is down. Total costs related to large claims is \$4.8M. Several have already reached the stop loss threshold, and the fund has received \$2.2M stop loss reimbursements. A couple of large claims are identified as ongoing, year-over-year, with specialized pharmacy costs. The top large claim is the lasered member with a \$1.5M deductible.

## **6. Review of Health Trust Financial Reports**

*Discussion and Possible Motion.*

Mr. Baldelli presented the revised unaudited financial statements as of June 30, 2021. The fund is stable with \$9.1M in Medical and \$1.3M in Dental, which meets minimum balance requirements. There were no major fluctuations to report.

Ms. Pfof motioned to approve the financial statements as of June 30, 2021 and Ms. Mitchell seconded the motion. The motion passed 5 – 0.

## **7. Staff Update for Health Trust**

*Information and Discussion only.*

Ms. Drew reported that the America Rescue Plan Act (ARPA) requires organizations to provide three months of COBRA premiums to any employees who were involuntarily separated since November 2019. Of the 24 potential eligible people, 2 applied, for a total cost of \$12K. This is much less than the potential costs of \$125K. There is a payroll tax credit for premiums that do need to be paid. We are waiting on the invoice and will coordinate with Budget and Finance on processing.

Open enrollment went well. Medical added 38 employees and plan distribution remain with 42% on Preferred and 58% on BannerSelect. Dental increased by 43 members to 1,269.

Aetna announced a new option at CVS Minute Clinics for no co-pay, and no additional administrative fee. This is convenient for members who still want a convenient in-person option but with better negotiated rates for the fund. Members will be notified in the next couple of weeks.

## **8. Review of Workers' Compensation Quarterly Reports**

*Discussion only.*

Ms. Lloyd reviewed the information for the Worker's Compensation program and reported on cost of claims for FY2021 at \$1.5M as compared to FY2020 at \$1.1M. Number of claims is reduced for FY2021 at 133, as compared to 145 in FY2020. She also shared claim data by division, showing the most injuries in Fire with 56, and Police with 35, and that injuries occur most in knees and lower backs. She reported on injuries at the new Training Facility, by department. She shared that we have received 3 Covid claims from Fire, which have been denied by the TPA since they could not trace the origin. One is being appealed to the administrative law judge (ALJ) currently. We don't have a report on that yet. She then shared data showing

the savings resulting from the provider bill negotiations by Corvel, our third-party administrator for workers' compensation.

There was some discussion on the premium cost for being fully insured in FY20, which was approximately \$2.2M. There was discussion of the savings we are seeing in the transition to self-insured and how that is building the fund balance.

## **9. Review of Workers' Compensation Financial Reports**

### *Discussion and Possible Motion.*

Mr. Baldelli reviewed the unaudited Financial Statements as of June 30, 2021. He noted that since this is the first year of the fund, the statements are comparing current quarter to last quarter, as opposed to current quarter to previous year. The net position of the fund is \$1.66M and there are no major fluctuations to report. He noted the Statement of Revenues lists Current Year as opposed to Current Quarter, which is what it is tracking. This will be corrected for the record.

Staff is working with the actuary to determine a target fund balance. Gilbert continues to carry the required Letter of Credit, as per the Industrial Commission, until a target fund balance is identified. Staff anticipates the actuary report by the October meeting.

Mr. Panepinto motioned to approve the Financial Statements as of June 30, 2021, and Ms. Mitchell seconded the motion. The motion passed 5 – 0.

## **10. Approval of Catastrophic Injury Leave**

### *Discussion and Possible Motion.*

Ms. Drew briefed the Board on the current injury leave policy, which consists of 480 hours in a rolling 12-month period for a regular employee and 672 hours in a rolling 12-month period for 56-hours fire personnel. When this is exhausted, Gilbert provides 66% of base pay as legally required. Employees can supplement with any accrued leave they have. This covers most situations as Gilbert has a rigorous return-to-work program that accommodates any modified work assignments, which keeps the employee engaged and manages injury leave costs to the fund. Gilbert currently has a serious on-duty injury that is requiring a much longer treatment than we have previously seen. The employee is not yet ready to return to work in any modified scenario, and not yet ready to determine maximum medical improvement (MMI). This employee is close to exhausting the injury leave and has little accruals to supplement wages during this longer recovery.

Staff researched seven (7) peer organizations and found coverage varies from the minimum 66% to unlimited injury leave. Mesa's language specifically referenced "catastrophic" injuries with a maximum 12-month injury leave. 12 months was the most common length of injury leave among the peer organizations.

Ms. Drew reviewed the recommended language to add a "catastrophic" injury leave of up to 12 months, with medical documentation and approval by the Chief People Officer in conjunction with the Town Manager's Office. The Worker's Compensation Analyst works closely with the case manager from the third-party administrator and can confirm a catastrophic injury. Staff does not anticipate this will happen often and recommends the approval of catastrophic leave for such injuries.

Ms. Pfof suggested requiring employees to utilize their own leave before the additional injury leave could be utilized. Ms. Drew agreed the wording can be changed to reflect that. Mr. Panepinto asked about 95% as opposed to 100%. Staff responded that this would be difficult to administer through payroll as it would likely be a manual correction.

If approved, the request will go to Council on August 17, 2021.

Ms. Dellai motioned to approve the catastrophic injury with the clarification that employee accruals need to be exhausted first. Ms. Boles seconded the motion. The motion passed 5 – 0.

#### **11. Staff Update for Worker's Compensation**

Discussion only.

Ms. Drew shared that staff continues to monitor legislation for any changes on presumptive laws. Staff is partnering with Wellness and Safety on ways to proactively prevent injuries, such as sprains and strains. Staff is working with the actuary and ICA on options to remove the Letter of Credit requirement for the plan. Staff anticipates further information on this in October 2021.

#### **12. Gilbert Wellness Update**

Ms. Brown reviewed several data points related to the wellness program since February, when she joined the organization. The Attain program is going well with 235 enrolled and 54.7% meeting weekly goal rates. The Get Active Challenge is up to 163 participants and the Wellness Champion team has grown to 26 members. There were several nutrition events with the Fire Academy, several sun-safety events with Public Works, and positive data from the nutritionist.

Ms. Brown shared photos from some of the events and mentioned several upcoming activities for the next quarter.

#### **13. Approval of Minutes of Prior Meeting**

Mr. Panepinto made two grammatical corrections on the minutes of April 28, 2021. Mr. Panepinto then motioned to approve the minutes of April 28, 2021. Ms. Mitchell seconded the motion. The motion passed 5 – 0.

#### **14. Adjournment**

Mr. Panepinto adjourned the meeting at 6:40 PM.

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Anthony Panepinto, Chairman

ATTEST: \_\_\_\_\_

Kristen Drew  
People Team, Deputy Chief People Officer